

C - Economic Development Cabinet

THIS PAGE INTENTIONALLY LEFT BLANK

Table of Contents

C - Economic Development Cabinet

<u>Secretary</u>	<u>C - 5</u>
<u>Commercialization and Innovation</u>	<u>C - 13</u>
<u>New Business Development</u>	<u>C - 19</u>
<u>Financial Incentives</u>	<u>C - 21</u>
<u>Existing Business Development</u>	<u>C - 29</u>

THIS PAGE INTENTIONALLY LEFT BLANK

SENATE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

C - Economic Development Cabinet

Operating Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	19,221,100	19,221,100		24,641,700	24,641,700		34,088,100	32,436,100	(1,652,000)
Restricted Funds	4,600,600	4,600,600		4,386,600	4,086,600	(300,000)	4,257,600	4,107,600	(150,000)
Federal Funds	155,400	155,400		155,400	155,400		155,400	155,400	
Regular Total Funds	23,977,100	23,977,100		29,183,700	28,883,700	(300,000)	38,501,100	36,699,100	(1,802,000)
Use of Continuing	501,700	501,700		4,076,700	4,076,700		3,123,600	3,123,600	
TOTAL FUNDS	24,478,800	24,478,800		33,260,400	32,960,400	(300,000)	41,624,700	39,822,700	(1,802,000)

II. EXPENDITURE CATEGORY

Personnel Costs	10,501,300	10,501,300		10,880,000	10,880,000		11,020,800	11,020,800	
Operating Expenses	2,017,700	2,017,700		1,854,600	1,854,600		1,854,600	1,854,600	
Grants, Loans, Benefits	11,725,800	11,725,800		20,525,800	20,225,800	(300,000)	22,391,300	23,266,300	875,000
Debt Service	234,000	234,000					6,358,000	3,681,000	(2,677,000)
TOTAL EXPENDITURES	24,478,800	24,478,800		33,260,400	32,960,400	(300,000)	41,624,700	39,822,700	(1,802,000)

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund	19,221,100	19,221,100		12,806,000	12,806,000		11,889,000	11,889,000	
Restricted Funds	4,600,600	4,600,600		2,946,600	2,946,600		2,967,600	2,967,600	
Federal Funds	155,400	155,400		155,400	155,400		155,400	155,400	
Regular Total Funds	23,977,100	23,977,100		15,908,000	15,908,000		15,012,000	15,012,000	
Use of Continuing	501,700	501,700		4,076,700	4,076,700		3,123,600	3,123,600	
TOTAL BASE LEVEL	24,478,800	24,478,800		19,984,700	19,984,700		18,135,600	18,135,600	

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund				11,835,700	11,835,700		22,199,100	20,547,100	(1,652,000)
Restricted Funds				1,440,000	1,140,000	(300,000)	1,290,000	1,140,000	(150,000)
TOTAL ADDITIONAL				13,275,700	12,975,700	(300,000)	23,489,100	21,687,100	(1,802,000)

THIS PAGE INTENTIONALLY LEFT BLANK

SENATE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

C - Economic Development Cabinet

Capital Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				112,500,000	37,500,000	(75,000,000)			
TOTAL CAPITAL				112,500,000	37,500,000	(75,000,000)			

THIS PAGE INTENTIONALLY LEFT BLANK

SENATE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

C - Economic Development Cabinet

Operating Budget

Secretary

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	11,167,600	11,167,600		5,083,300	16,619,000	11,535,700	4,108,100	22,725,200	18,617,100
Restricted Funds	1,944,800	1,944,800		500,000	1,340,000	840,000	350,000	1,340,000	990,000
Regular Total Funds	13,112,400	13,112,400		5,583,300	17,959,000	12,375,700	4,458,100	24,065,200	19,607,100
Use of Continuing									
TOTAL FUNDS	13,112,400	13,112,400		5,583,300	17,959,000	12,375,700	4,458,100	24,065,200	19,607,100
II. EXPENDITURE CATEGORY									
Personnel Costs	3,820,600	3,820,600		3,453,700	4,001,200	547,500	3,503,500	4,056,400	552,900
Operating Expenses	882,000	882,000		608,800	782,000	173,200	608,800	782,000	173,200
Grants, Loans, Benefits	8,175,800	8,175,800		1,520,800	13,175,800	11,655,000	345,800	17,175,800	16,830,000
Debt Service	234,000	234,000						2,051,000	2,051,000
TOTAL EXPENDITURES	13,112,400	13,112,400		5,583,300	17,959,000	12,375,700	4,458,100	24,065,200	19,607,100
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	11,167,600	11,167,600		5,083,300	5,083,300		4,108,100	4,108,100	
Restricted Funds	1,944,800	1,944,800		200,000	200,000		200,000	200,000	
Regular Total Funds	13,112,400	13,112,400		5,283,300	5,283,300		4,308,100	4,308,100	
Use of Continuing									
TOTAL BASE LEVEL	13,112,400	13,112,400		5,283,300	5,283,300		4,308,100	4,308,100	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					11,535,700	11,535,700		18,617,100	18,617,100
Restricted Funds				300,000	1,140,000	840,000	150,000	1,140,000	990,000
TOTAL ADDITIONAL				300,000	12,675,700	12,375,700	150,000	19,757,100	19,607,100
V. ADDITIONAL BUDGET ITEMS									
1	CONT Department of Commercialization and Innovation - Funding								
ABRC36A0012	Provide funding to support the Department of Commercialization and Innovation								
General Fund					11,535,700	11,535,700		18,617,100	18,617,100
Project Total					11,535,700	11,535,700		18,617,100	18,617,100
2	CONT Department of Commercialization and Innovation								
ABRC36A0013	Provide support for the Department of Commercialization and Innovation.								
Restricted Funds					1,140,000	1,140,000		1,140,000	1,140,000
Project Total					1,140,000	1,140,000		1,140,000	1,140,000

SENATE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

C - Economic Development Cabinet

Operating Budget

Secretary

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
3 CONT Kentucky Technology Service Grant								
ABRC36A0011 Provides support for the KY Technology Service Grant to be administered by the KY Manufacturing Assistance Center. SENATE: Funding not provided.								
Restricted Funds			300,000		(300,000)	150,000		(150,000)
Project Total			300,000		(300,000)	150,000		(150,000)
TOTAL ADDITIONAL			300,000	12,675,700	12,375,700	150,000	19,757,100	19,607,100

TRANSFERS TO THE GENERAL FUND

Secretary

Agency Revenue Fund	200,000	200,000
---------------------	---------	---------

TOTAL	200,000	200,000
--------------	----------------	----------------

**Fiscal Biennium 2006-2008
Budget Modification Report**

03/19/06 8:44 PM

Office of the Secretary

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Office of the Secretary, Restricted Funds of \$200,000 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Louisville Waterfront Development Corporation: Included in the above General Fund appropriation is \$420,800 in fiscal year 2006-2007 and \$420,800 in fiscal year 2007-2008 for the Louisville Waterfront Development Corporation."

"New Economy High-Tech Construction and High-Tech Investment Pools: Included in the above General Fund appropriation is \$2,051,000 in fiscal year 2007-2008 for new debt service as set forth in Part II, Capital Projects Budget, of this Act. The Commissioner of the Department for Commercialization and Innovation shall determine the amounts to be apportioned between the High-Tech Investment and High-Tech Construction Pools."

"Funding for Commercialization and Innovation: Notwithstanding Subchapter 20 of KRS Chapter 154, interest income earned on balances in the High-Tech Construction Pool and the High-Tech Investment Pool shall be used to support the Department for Commercialization and Innovation within the Cabinet for Economic Development. Upon the recommendation of the Commissioner, these funds are authorized and appropriated to fund High-Tech Construction Pool and High-Tech Investment Pool projects. Loan repayments received by the High-Tech Construction and High-Tech Investment Pools are appropriated in addition to amounts specified in Part II, Capital Projects Budget, of this Act."

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

**Fiscal Biennium 2006-2008
Budget Modification Report**

03/19/06 8:44 PM

Office of the Secretary

"Economic Development Bond Issues: Before any economic development bonds are issued, the proposed bond issue shall be approved by the Secretary of the Finance and Administration Cabinet and the State Property and Buildings Commission under KRS 56.440 to 56.590. In addition to the terms and conditions of KRS 154.12-100, administration of the Economic Development Bond Program by the Secretary of the Cabinet for Economic Development is subject to the following guideline: project selection shall be documented when presented to the Secretary of the Finance and Administration Cabinet. Included in the documentation shall be the rationale for selection and expected economic development impact."

HOUSE REPORT

The House concurs with the Branch with the following changes:

The House deletes Part I, Operating language provisions relating to the Department for Commercialization and Innovation.

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision:

"Kentucky Technology Service Grant: Included in the above Restricted Funds appropriation is \$300,000 in fiscal year 2006-2007 and \$150,000 in fiscal year 2007-2008 for the Kentucky Technology Service Grant administered by the Kentucky Manufacturing Assistance Center. Included in the above General Fund appropriation is \$150,000 in fiscal year 2007-2008 for the Kentucky Technology Service Grant."

SENATE REPORT

The Senate concurs with the House with the following changes:

The Senate adds in Part I, Operating Budget, General Fund support totaling \$11,535,700 in fiscal year 2006-2007 and \$18,617,100 in fiscal year 2007-2008 for the Department for Commercialization and Innovation.

The Senate adds in Part I, Operating Budget, Restricted Funds support totaling \$1,140,000 in fiscal year 2006-2007 and \$1,140,000 in fiscal year 2007-2008 for the Department for Commercialization and Innovation.

The Senate amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions:

**Fiscal Biennium 2006-2008
Budget Modification Report**

03/19/06 8:44 PM

Office of the Secretary

"New Economy High-Tech Construction and High-Tech Investment Pools: Included in the above General Fund appropriation is \$2,051,000 in fiscal year 2007-2008 for new debt service as set forth in Part II, Capital Projects Budget, of this Act. The Commissioner of the Department for Commercialization and Innovation shall determine the amounts to be apportioned between the High-Tech Investment and High-Tech Construction Pools."

"Funding for Commercialization and Innovation: Notwithstanding Subchapter 20 of KRS Chapter 154, interest income earned on balances in the High-Tech Construction Pool and the High-Tech Investment Pool shall be used to support the Department for Commercialization and Innovation within the Cabinet for Economic Development. Upon the recommendation of the Commissioner, these funds are authorized and appropriated to fund High-Tech Construction Pool and High-Tech Investment Pool projects. Loan repayments received by the High-Tech Construction and High-Tech Investment Pools are appropriated in addition to amounts specified in Part II, Capital Projects Budget, of this Act."

The Senate deletes in Part I, Operating Budget, language and General Fund support totaling \$420,800 in each year of the biennium for the Louisville Waterfront Development Corporation.

The Senate deletes in Part I, Operating Budget, language and Restricted Funds support totaling \$300,000 in fiscal year 2006-2007 and \$150,000 in fiscal year 2007-2008 for the Kentucky Technology Service Grant.

The Senate amends the State Executive Branch Budget Bill, Part II, Capital Projects Budget, by adding the following language:

"Economic Development Bond Issues: Before any economic development bonds are issued, the proposed bond issue shall be approved by the Secretary of the Finance and Administration Cabinet and the State Property and Buildings Commission under KRS 56.440 to 56.590. In addition to the terms and conditions of KRS 154.12-100, administration of the Economic Development Bond Program by the Secretary of the Cabinet for Economic Development is subject to the following guideline: project selection shall be documented when presented to the Secretary of the Finance and Administration Cabinet. Included in the documentation shall be the rationale for selection and expected economic development impact."

THIS PAGE INTENTIONALLY LEFT BLANK

SENATE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

C - Economic Development Cabinet

Capital Budget

Secretary

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds					20,000,000	20,000,000			
TOTAL CAPITAL					20,000,000	20,000,000			
II. CAPITAL PROJECTS									
1	New Economy High-Tech Construction/Investment Pools								
PRJC361490									
Bond Funds					20,000,000	20,000,000			
Project Total					20,000,000	20,000,000			
TOTAL CAPITAL					20,000,000	20,000,000			

THIS PAGE INTENTIONALLY LEFT BLANK

SENATE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

C - Economic Development Cabinet

Operating Budget

Commercialization and Innovation

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund				11,535,700		(11,535,700)	17,592,100		(17,592,100)
Restricted Funds				1,140,000		(1,140,000)	1,140,000		(1,140,000)
Regular Total Funds				12,675,700		(12,675,700)	18,732,100		(18,732,100)
Use of Continuing									
TOTAL FUNDS				12,675,700		(12,675,700)	18,732,100		(18,732,100)
II. EXPENDITURE CATEGORY									
Personnel Costs				547,500		(547,500)	552,900		(552,900)
Operating Expenses				173,200		(173,200)	173,200		(173,200)
Grants, Loans, Benefits				11,955,000		(11,955,000)	15,955,000		(15,955,000)
Debt Service							2,051,000		(2,051,000)
TOTAL EXPENDITURES				12,675,700		(12,675,700)	18,732,100		(18,732,100)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				11,535,700		(11,535,700)	17,592,100		(17,592,100)
Restricted Funds				1,140,000		(1,140,000)	1,140,000		(1,140,000)
TOTAL ADDITIONAL				12,675,700		(12,675,700)	18,732,100		(18,732,100)
V. ADDITIONAL BUDGET ITEMS									
1 NEW	Department of Commercialization and Innovation								
ABRC36E0001	Provide support to establish the Department of Commercialization and Innovation as a new appropriation unit within the Cabinet for Economic Development.								
General Fund				11,535,700		(11,535,700)	17,592,100		(17,592,100)
Project Total				11,535,700		(11,535,700)	17,592,100		(17,592,100)
2 NEW	Department of Commercialization and Innovation								
ABRC36E0002	Provide support to establish the Department of Commercialization and Innovation as a new appropriation unit within the Cabinet for Economic Development.								
Restricted Funds				1,140,000		(1,140,000)	1,140,000		(1,140,000)
Project Total				1,140,000		(1,140,000)	1,140,000		(1,140,000)
TOTAL ADDITIONAL				12,675,700		(12,675,700)	18,732,100		(18,732,100)

**Fiscal Biennium 2006-2008
Budget Modification Report**

03/19/06 8:44 PM

Department of Commercialization and Innovation

BRANCH BUDGET

The State/Executive Branch Budget Bill contained no provision relating to the reorganization of the Department of Commercialization and Innovation.

HOUSE REPORT

The House Report adds the Department of Commercialization and Innovation as a new appropriation unit.

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions:

"Debt Service: Included in the above General Fund appropriation is \$2,051,000 in fiscal year 2007-2008 for new debt service as set forth in Part II, Capital Projects Budget, of this Act. The Commissioner of the Department for Commercialization and Innovation shall determine the amounts to be apportioned between the High-Tech Investment and High-Tech Construction Pools."

"Funding for Commercialization and Innovation: Notwithstanding Subchapter 20 of KRS Chapter 154, interest income earned on balances in the High-Tech Construction Pool and the High-Tech Investment Pool shall be used to support the Department for Commercialization and Innovation within the Cabinet for Economic Development. Upon the recommendation of the Commissioner, these funds are authorized and appropriated to fund High-Tech Construction Pool and High-Tech Investment Pool projects. Loan repayments received by the High-Tech Construction and High-Tech Investment Pools are appropriated in addition to amounts specified in Part II, Capital Projects Budget, of this Act."

"Kentucky Life Sciences Commercialization Program: Included in the above General Fund appropriation is \$5,000,000 in fiscal year 2006-2007 and \$5,000,000 in fiscal year 2007-2008 for the Kentucky Life Sciences Commercialization Program."

"Small Business Innovation Research Incentive Program: Included in the above General Fund appropriation is \$2,050,000 in fiscal year 2006-2007 and \$2,000,000 in fiscal year 2007-2008 for Phase I of the Small Business Innovation Research Incentive Program. Included in the above General Fund appropriation is \$4,300,000 in fiscal year 2007-2008 for Phase II of the Small Business Innovation Research Incentive Program."

"Strategic Analysis of Technologies: Included in the above General Fund appropriation is \$200,000 in fiscal year 2006-2007 for a Strategic Analysis of Technologies."

**Fiscal Biennium 2006-2008
Budget Modification Report**

03/19/06 8:44 PM

Department of Commercialization and Innovation

"Statewide Science and Technology Assets Database: Included in the above General Fund appropriation is \$300,000 in fiscal year 2006-2007 and \$250,000 in fiscal year 2007-2008 for a Statewide Science and Technology Assets Database."

"Life Sciences and Biotechnology Assessment: Included in the above General Fund appropriation is \$150,000 in fiscal year 2006-2007 and \$150,000 in fiscal year 2007-2008 for a Life Sciences and Biotechnology Assessment."

"Nanoscience Analysis and Strategic Plan: Included in the above General Fund appropriation is \$150,000 in fiscal year 2006-2007 and \$150,000 in fiscal year 2007-2008 for the Nanoscience Analysis and Strategic Plan."

"Statewide Business Plan Competition and Awards: Included in the above General Fund appropriation is \$150,000 in fiscal year 2006-2007 and \$150,000 in fiscal year 2007-2008 for a Statewide Business Plan Competition and Awards."

SENATE REPORT

The Senate Report deletes in Part I, Operating Budget, General Fund and Restricted Funds support, and language provisions for the Department of Commercialization and Innovation and removes it as a new appropriation unit.

THIS PAGE INTENTIONALLY LEFT BLANK

SENATE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

C - Economic Development Cabinet

Capital Budget

Commercialization and Innovation

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				20,000,000		(20,000,000)			
TOTAL CAPITAL				20,000,000		(20,000,000)			
II. CAPITAL PROJECTS									
1	New Economy High-Tech Construction/Investment Pools								
PRJC36E0001									
Bond Funds				20,000,000		(20,000,000)			
Project Total				20,000,000		(20,000,000)			
TOTAL CAPITAL				20,000,000		(20,000,000)			

THIS PAGE INTENTIONALLY LEFT BLANK

SENATE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

C - Economic Development Cabinet

Operating Budget

New Business Development

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	1,681,600	1,681,600		1,365,200	1,365,200		1,377,500	1,377,500	
Restricted Funds	580,000	580,000		747,000	747,000		747,000	747,000	
Regular Total Funds	2,261,600	2,261,600		2,112,200	2,112,200		2,124,500	2,124,500	
Use of Continuing									
TOTAL FUNDS	2,261,600	2,261,600		2,112,200	2,112,200		2,124,500	2,124,500	
II. EXPENDITURE CATEGORY									
Personnel Costs	1,795,000	1,795,000		1,645,600	1,645,600		1,657,900	1,657,900	
Operating Expenses	466,600	466,600		466,600	466,600		466,600	466,600	
TOTAL EXPENDITURES	2,261,600	2,261,600		2,112,200	2,112,200		2,124,500	2,124,500	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	1,681,600	1,681,600		1,365,200	1,365,200		1,377,500	1,377,500	
Restricted Funds	580,000	580,000		747,000	747,000		747,000	747,000	
Regular Total Funds	2,261,600	2,261,600		2,112,200	2,112,200		2,124,500	2,124,500	
Use of Continuing									
TOTAL BASE LEVEL	2,261,600	2,261,600		2,112,200	2,112,200		2,124,500	2,124,500	

**Fiscal Biennium 2006-2008
Budget Modification Report**

03/19/06 8:44 PM

Business Development

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

HOUSE REPORT

The House concurs with the Branch.

SENATE REPORT

The Senate concurs with the House.

SENATE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

C - Economic Development Cabinet

Operating Budget

Financial Incentives

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	3,318,800	3,318,800		3,200,000	3,200,000		7,507,000	4,830,000	(2,677,000)
Restricted Funds	1,728,200	1,728,200		1,789,600	1,789,600		1,810,600	1,810,600	
Regular Total Funds	5,047,000	5,047,000		4,989,600	4,989,600		9,317,600	6,640,600	(2,677,000)
Use of Continuing	501,700	501,700		4,076,700	4,076,700		3,123,600	3,123,600	
TOTAL FUNDS	5,548,700	5,548,700		9,066,300	9,066,300		12,441,200	9,764,200	(2,677,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	1,923,800	1,923,800		1,941,400	1,941,400		1,968,800	1,968,800	
Operating Expenses	124,900	124,900		124,900	124,900		124,900	124,900	
Grants, Loans, Benefits	3,500,000	3,500,000		7,000,000	7,000,000		6,040,500	6,040,500	
Debt Service							4,307,000	1,630,000	(2,677,000)
TOTAL EXPENDITURES	5,548,700	5,548,700		9,066,300	9,066,300		12,441,200	9,764,200	(2,677,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	3,318,800	3,318,800		3,200,000	3,200,000		3,200,000	3,200,000	
Restricted Funds	1,728,200	1,728,200		1,789,600	1,789,600		1,810,600	1,810,600	
Regular Total Funds	5,047,000	5,047,000		4,989,600	4,989,600		5,010,600	5,010,600	
Use of Continuing	501,700	501,700		4,076,700	4,076,700		3,123,600	3,123,600	
TOTAL BASE LEVEL	5,548,700	5,548,700		9,066,300	9,066,300		8,134,200	8,134,200	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund							4,307,000	1,630,000	(2,677,000)
TOTAL ADDITIONAL							4,307,000	1,630,000	(2,677,000)
V. ADDITIONAL BUDGET ITEMS									
1	EXPAN	Debt Service							
ABRC36D0003	Provide debt service to support \$17.5 million in Bond Funds to fund the Economic Development Bond Pool. SENATE: Provide a full year of debt service to support \$17.5 million in Bond Funds.								
General Fund							815,000	1,630,000	815,000
Project Total							815,000	1,630,000	815,000
2	NEW	Louisville Arena							
ABRC36D0004	Provide grant funds to support construction of the Louisville Arena at the water company site. SENATE: Move project to Finance.								
General Fund							3,492,000		(3,492,000)
Project Total							3,492,000		(3,492,000)

SENATE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

C - Economic Development Cabinet

Operating Budget

Financial Incentives

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
TOTAL ADDITIONAL							4,307,000	1,630,000	(2,677,000)

TRANSFERS TO THE GENERAL FUND**Financial Incentives**

Kentucky Economic Development Finance Authority (KRS 154.20-010 to 154.20-150)	700,000	700,000	
---	---------	---------	--

TOTAL	700,000	700,000	
--------------	----------------	----------------	--

**Fiscal Biennium 2006-2008
Budget Modification Report**

03/19/06 8:44 PM

Financial Incentives

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Debt Service: Included in the above General Fund appropriation is \$931,000 in fiscal year 2007-2008 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"Carry Forward of General Fund Appropriation Balance for Bluegrass State Skills Corporation: Notwithstanding KRS 45.229, the General Fund appropriation balance for training grants for fiscal year 2006-2007 and for fiscal year 2007-2008 for the Bluegrass State Skills Corporation shall not lapse and shall carry forward."

"ConnectKentucky and Community Broadband Development Grants: Notwithstanding KRS 154.12-278, \$1,000,000 in each year of the biennium of Kentucky High-Tech Investment Pool funds may be used for a grant to administer the ConnectKentucky program. Local governments may apply for grants from the Kentucky High-Tech Investment Pool to fund community-based projects designed to bring broadband technology to under served Kentucky communities."

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

"Purchase Regional Industrial Park: Included in the above appropriation is \$2,500,000 for the Purchase Regional Industrial Park Authority to support land use and development at the Purchase Regional Industrial Park as approved by the Kentucky Economic Development Finance Authority."

HOUSE REPORT

The House concurs with the Branch with the following changes:

**Fiscal Biennium 2006-2008
Budget Modification Report**

03/19/06 8:44 PM

Financial Incentives

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions:

"Debt Service: Included in the above General Fund appropriation is \$4,307,000 in fiscal year 2007-2008 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"Carry Forward of General Fund Appropriation Balance for Bluegrass State Skills Corporation: Notwithstanding KRS 45.229, the General Fund appropriation balance for training grants for fiscal year 2006-2007 and for fiscal year 2007-2008 for the Bluegrass State Skills Corporation shall not lapse and shall carry forward. To the extent that offers are made and disbursements are required pursuant to 2005 Ky. Acts ch. 173, Part I, C.3.(2), beyond available appropriations, funds shall be appropriated from the General Fund Surplus Account (KRS 48.700) in an amount not to exceed the additional training grant offers made, up to \$1,500,000."

The House deletes Part I, Operating language provision relating to ConnectKentucky and Community Broadband Development Grants.

The House amends Part V, Funds Transfer, to include the Kentucky Economic Development Finance Authority, Restricted Funds transfer of \$700,000 in fiscal year 2007-2008.

SENATE REPORT

The Senate concurs with the House with the following changes:

The Senate modifies Part I, Operating Budget, language provisions as follows:

"Debt Service: Included in the above General Fund appropriation is \$1,630,000 in fiscal year 2007-2008 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"Carry Forward of General Fund Appropriation Balance for Bluegrass State Skills Corporation: Notwithstanding KRS 45.229, the General Fund appropriation balance for training grants for fiscal year 2006-2007 and for fiscal year 2007-2008 for the Bluegrass State Skills Corporation shall not lapse and shall carry forward. The Corporation is authorized to extend an additional \$1,500,000 in training grant offers during the 2006-2008 biennium. If such offers are made and disbursements are required to support those offers, funds shall be appropriated from the General Fund Surplus Account (KRS 48.700) in an amount not to exceed \$1,500,000.

**Fiscal Biennium 2006-2008
Budget Modification Report**

03/19/06 8:44 PM

Financial Incentives

"ConnectKentucky and Community Broadband Development Grants: Notwithstanding KRS 154.12-278, \$4,200,000 in fiscal year 2006-2007 of Kentucky High-Tech Investment Pool funds may be used for a grant to administer the ConnectKentucky program. Local governments may apply for grants from the Kentucky High-Tech Investment Pool to fund community-based projects designed to bring broadband technology to under served Kentucky communities."

The Senate amends the State Executive Branch Budget Bill, Part II, Capital Budget, by deleting the following language:

"Purchase Regional Industrial Park: Included in the above appropriation is \$2,500,000 for the Purchase Regional Industrial Park Authority to support land use and development at the Purchase Regional Industrial Park as approved by the Kentucky Economic Development Finance Authority."

THIS PAGE INTENTIONALLY LEFT BLANK

SENATE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

C - Economic Development Cabinet

Capital Budget

Financial Incentives

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				92,500,000	17,500,000	(75,000,000)			
TOTAL CAPITAL				92,500,000	17,500,000	(75,000,000)			
II. CAPITAL PROJECTS									
1	Economic Development Bond Pool								
PRJC361489									
Bond Funds				17,500,000	17,500,000				
Project Total				17,500,000	17,500,000				
2	New Louisville Arena								
PRJC36D0007									
Bond Funds				75,000,000		(75,000,000)			
Project Total				75,000,000		(75,000,000)			
TOTAL CAPITAL				92,500,000	17,500,000	(75,000,000)			

THIS PAGE INTENTIONALLY LEFT BLANK

SENATE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

C - Economic Development Cabinet

Operating Budget

Existing Business Development

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	3,053,100	3,053,100		3,457,500	3,457,500		3,503,400	3,503,400	
Restricted Funds	347,600	347,600		210,000	210,000		210,000	210,000	
Federal Funds	155,400	155,400		155,400	155,400		155,400	155,400	
Regular Total Funds	3,556,100	3,556,100		3,822,900	3,822,900		3,868,800	3,868,800	
Use of Continuing									
TOTAL FUNDS	3,556,100	3,556,100		3,822,900	3,822,900		3,868,800	3,868,800	
II. EXPENDITURE CATEGORY									
Personnel Costs	2,961,900	2,961,900		3,291,800	3,291,800		3,337,700	3,337,700	
Operating Expenses	544,200	544,200		481,100	481,100		481,100	481,100	
Grants, Loans, Benefits	50,000	50,000		50,000	50,000		50,000	50,000	
TOTAL EXPENDITURES	3,556,100	3,556,100		3,822,900	3,822,900		3,868,800	3,868,800	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	3,053,100	3,053,100		3,157,500	3,157,500		3,203,400	3,203,400	
Restricted Funds	347,600	347,600		210,000	210,000		210,000	210,000	
Federal Funds	155,400	155,400		155,400	155,400		155,400	155,400	
Regular Total Funds	3,556,100	3,556,100		3,522,900	3,522,900		3,568,800	3,568,800	
Use of Continuing									
TOTAL BASE LEVEL	3,556,100	3,556,100		3,522,900	3,522,900		3,568,800	3,568,800	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				300,000	300,000		300,000	300,000	
TOTAL ADDITIONAL				300,000	300,000		300,000	300,000	
V. ADDITIONAL BUDGET ITEMS									
1 GB Existing Business Development - International Trade									
ABRC36F0002	Provide funds to support increased operating cost in the South American Trade Office due to a decline in the value of the U.S. dollar.								
General Fund				50,000	50,000		50,000	50,000	
Project Total				50,000	50,000		50,000	50,000	
2 GB Existing Business Development - International Trade									
ABRC36F0003	Provide funds to support increased operating cost due to the anticipated increase in the cost of doing business in China.								
General Fund				100,000	100,000		100,000	100,000	
Project Total				100,000	100,000		100,000	100,000	

SENATE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

C - Economic Development Cabinet

Operating Budget

Existing Business Development

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
3	NEW	Existing Business Development - Small and Minority Business									
ABRC36F0009		Provide funds to support a business development professional in Louisville to work with aspiring minority entrepreneurs.									
General Fund						150,000	150,000		150,000	150,000	
Project Total						150,000	150,000		150,000	150,000	
TOTAL ADDITIONAL						300,000	300,000		300,000	300,000	

**Fiscal Biennium 2006-2008
Budget Modification Report**

03/19/06 8:44 PM

Community Development

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Small and Minority Business Entrepreneurship: The Kentucky Economic Development Finance Authority shall make available \$300,000 in fiscal year 2007-2008 for micro-business loans in the Small and Minority Business entrepreneurship program in the Department of Existing Business Development."

HOUSE REPORT

The House concurs with the Branch.

SENATE REPORT

The Senate concurs with the House.

THIS PAGE INTENTIONALLY LEFT BLANK